UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
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TO FARM JOURNAL EDITORS:

The following information is for your use.

DeWitt C. Wing Francis A. Flood

DeWitt C. Wing and Francis A. Flood,
Specialists in Information.

A $95,000,000 SAVING TO FARMERS

An editor sends the following press report, dated October 31, 1934, and asks two questions:

"W. I. Myers, governor of the Farm Credit Administration, said today that his organization had cleared more than 1,400,000 loans totaling $1,960,000,000 since operations began in May, 1933. Also, about 400,000 farmers who received Federal Land Bank loans before the administration was organized have obtained reductions in interest and deferment of principal instalments.

"'Lending of this money has practically meant the stoppage of foreclosures, which were at their peak when the Farm Credit Administration was organized,' Mr. Myers declared."

Here are the editor's questions: 1. "To what extent was the total principal scaled down in connection with the refinancing of farm mortgages by the Farm Credit Administration? 2. What is the total saving to farmers in the lowered interest rates on their borrowings?"

The amount of the scale-down totals around $65,000,000. Virtually one out of every six loans made by the Farm Credit Administration to farmers has been made to those whose debts have been scaled down.

The interest rate reductions amount to about $19,000,000 in the new refinancing, and about $11,000,000 on old loans with the Federal Land Bank.

# # #

ALL FARE WELL OR FARE ILL TOGETHER

In concluding a recent address, Assistant Secretary of Agriculture, M. L. Wilson, said:

"We have no cause for battle between states. We have an interdependence which this machine age is intensifying rather than softening. The good or bad fortunes of a given state throw out waves of influence which are felt in every other state. We have to look at our big problems from a standpoint of national well-being.

"When the agricultural industry weakens, it affects the whole current of national prosperity. When agriculture suffers everyone suffers.

"If we are going to have balance in the future, we will have to be open-minded about new efforts to harmonize this age of science and machinery to new controls undertaken in the spirit of our democratic traditions. In the case of agricultural adjustment, we have so far no cause for feeling that it is going to impose regimentation of any sort, but that, instead, it will help us away from the regimentation imposed by low prices, crammed granaries and breadlines of hungry people unable to work and to eat."

# # #

"FIRST DOMESTICE PROCESSING" ON HOGS IS REDEFINED

A redefinition of the term "first domestic processing" of hogs, which will transfer to commercial handlers all liability for the payment of the processing tax with respect to hog products derived from hogs slaughtered by producers and feeders and for which producers and feeders were liable heretofore, became effective November 1 in all parts of the United States.

As a result of the redefinition, farmers are liable for the processing tax only with respect to hog products sold direct to consumers in excess of the exemptions allowed under the tax regulations. No tax is required to be paid by the producer who slaughters his own hogs and who sells or exchanges directly to consumers not more than 300 pounds of the products derived therefrom during any marketing year. If he sells not more than 1,000 pounds directly to consumers he is liable for the tax only on the volume sold in excess of the exemption of 300 pounds.

If the producer sells more than 1,000 pounds of the products derived from his hogs, during any marketing year, he loses this exemption and is liable for the tax on all hogs slaughtered, the products of which were sold direct to consumers.

In determining the amount of the tax, the weights of the products sold are restored to a live-weight basis according to conversion factors prescribed in processing tax regulations.

The exemptions do not apply to farmers who slaughtered hogs not of their own raising and who sell the products thereof.

During the winter of 1933-34 considerable difficulty was encountered

in some sections in levying and collecting the processing tax on hogs under the definition, which placed the liability in all cases upon the person slaughtering the hogs for market. In areas where the usual practice is for local slaughterers and retail meat dealers to purchase the hogs produced in the areas, such slaughterers and retailers refused to purchase their hogs from producers except in the form of dressed carcasses. In this way they were able to shift the liability for the tax to farmers.

In other instances, local slaughterers and retail dealers bought the live hog subject to a deduction in price equivalent to the processing tax. This worked a severe injustice on farmers because the original price was based on quotations offered at regular livestock markets by large meat processors who made no such deduction.

Furthermore, in certain large centers and in many local markets, it has been apparent from time to time that wholesalers and retailers in some instances were handling hog products with respect to which no tax had been paid. Because of the difficulty of tracing back to the source of the pork, it was found extremely difficult to curb such evasions. Studies by the Bureau of Agricultural Economics indicated that a redefinition of the term "first domestic processing", so as to fix the liability for the tax on the commercial handlers, would largely eliminate the practice.

The Adjustment Administration also has announced a modification of the hog processing tax regulations which will limit exemption of the tax on condemned parts to those condemnations which are the result of pathological changes, as determined by post-mortem inspection. This modification will enable the Bureau of Internal Revenue to make a satisfactory check on the kind of product condemned and the weight of such product. The conversion factor which will be applied hence forth to condemned parts, in order to restore to a live-weight basis, will be the conversion factor prescribed for such part in the tables of conversion factors contained in the hog processing tax regulations instead of the conversion factor of 132 percent which has been used for all parts heretofore.

# # #

CONFERENCE TO COORDINATE LIVESTOCK FEED PLANS

Officials of the Adjustment Administration and the Department of Agriculture will confer with directors of drought relief of 17 states on the livestock and livestock feed situation, and the operation of the Federal Livestock Feed Agency in Kansas City, at a meeting which opened in Kansas City November 3.

The conference, to coordinate plans for the best possible distribution of available feeds through existing commercial and industrial agencies, is the next step in the program to alleviate the effects of the drought and to prevent the undue reduction of livestock numbers.

The cattle-buying program to remove excess animals from feed deficit areas is rapidly coming to a close, with 7,004,299 cattle reported purchased as of November 1, out of the estimated $7\frac{1}{2}$ million head that may be acquired with funds now available.

At the conference state drought relief officials will submit reports on the latest situation in their state in regard to the feed supply in proportion to livestock numbers. Also considered will be the most effective utilization of services offered by the Federal Livestock Feed Agency, and distribution plans for feed, and feed and forage substitutes.

Officials pointed out that, due to the unusually favorable weather conditions over a large part of the drought area and other areas during the past two months, a large quantity of feed and forage planted on land kept out of other crops under adjustment contracts has matured or is rapidly maturing, and that this will enter as a factor toward substantially increasing the supply of feed available to drought areas this winter.

Approximately 400,000 tons of corn-stover and corn-fodder, conserved in the program through which the Adjustment Administration has underwritten the harvest of this feed, and over 1,000,000 tons of hay, have been listed with the information service of the Kansas City feed agency.

The Adjustment Administration will emphasize at the conference that the services of the Federal Livestock Feed Agency are not procurement, as the chief functions of this agency are to furnish information to buyers of feed as to where supplies may be located and purchased at the most reasonable cost, and to interchange information between the feed and grain trade and buyers. <u>The information service does not buy or sell feeds or make feed loans</u>.

A complete summary of the services available free of charge through the information service of the Federal Livestock Feed Agency, is given, as follows:

The information service of this agency is now preparing, and will issue within the next few days, and thereafter, weekly, a report of feed supplies listed. This report will be furnished to state agricultural drought directors, county agricultural directors, feed buyers and handlers, and others interested.

The information service will list, without cost, for growers, shippers, dealers, jobbers, and feed manufacturers any grain, feed, hay, or forage which they may have for sale and available for shipment to drought areas.

It will furnish the buyers of feed in drought areas information as to supplies of various kinds of feeds and the sources from which such supplies might be obtained.

Information will be supplied as to methods of shipping, methods of sale or purchase, quality, and the procedure to be followed in obtaining inspection of grain, hay, corn fodder, and corn stover.

In conjunction with the regular Federal hay inspection service conducted by the Bureau of Agricultural Economics, several trained hay inspectors will be sent into the field to check, as far as possible, upon the quality of hay offered for delivery to feeders of livestock and others in the drought area.

Inspection will also be provided, so far as possible, in connection with the distribution of corn fodder and corn stover shipped from those counties to which Federal allotments of these commodities were made.

As there are no Federal grades for mixed feeds and as there are likely to be numerous emergency feeds offered for sale, buyers should insist that manufacturers of such feeds comply with the various State regulations governing their manufacturing, marking, and sale.

A specialist of the Bureau of Dairy Industry is not attached to the Kansas City office to advise those interested as to the nutritive values of the various kinds of feed.

A representative of the Extension Service of the United States Department of Agriculture will be located in the Kansas City office to advise Extension Directors, County Agents, and others, as to the procedure to be followed in obtaining emergency freight rates, and importing hay and straw free of tariff duties under the President's proclamation of August 10, 1934. The representative of the Extension Service will also be available to furnish Extension Directors and County Agents information regarding the services which county agricultural committees may render in helping to meet the needs of their counties for feed supplies and the way in which the Information Service of the Federal Livestock Feed Agency can assist such committees.

A representative of the Federal Livestock Feed Agency will be located in Kansas City to furnish information with respect to purchase orders and deliveries of corn fodder, corn stover, and other forage, under agreements between the Secretary of Agriculture and producers of such feeds.

Producers, shippers, dealers and jobbers who have grain, hay, feed, or forage for sale are requested to communicate with the Kansas City office furnishing information as to the quantity of such feeds available for sale stated in bushels, tons, or carloads, kind or class, and probable Federal grade, name of shipping point, and current price f.o.b. shipping point.

County agents, county agricultural committees, or individuals in reporting immediate feed requirements to the Kansas City office should state the quantities needed in bushels, tons, or carloads, the quality or grade desired, when shipment is wanted, and the place or unloading station to which the feed is to be shipped. Those needing feed should indicate also the kind of livestock to be fed and state the other kinds or classes of grain, hay, or feed which could be used in case the first choice of these commodities is not available.

In order to assist in coordinate action, relief agencies purchasing feed, and county agricultural committees, or other group purchasers, are especially requested to avail themselves of the information obtainable from the Kansas City office before purchases are made.

# # #

MASTITIS ADDED TO CATTLE DISEASE INDEMNITY LIST

A preliminary announcement that the Adjustment Administration has authorized the use of funds made available under the LaFollete amendment to the Jones-Connally Act, in payment of indemnities for the removal of cows showing cases of mastitis, under regulations supervised by the Bureau of Animal Industry in cooperation with State livestock sanitary officials, has been made.

Work on tuberculosis and Bang's disease by the Bureau of Animal Industry under the emergency appropriation was begun several months ago. The plan to include some mastitis work was recommended by milk producers, livestock breeders and state veterinarians. The disease affects the production capacity of cows and the quality of the milk flow, and is regarded as a serious menace to herd health in many areas.

Following the removal of cows showing symptoms of infection with mastitis, the owners must agree to follow rigid sanitary safeguards against a recurrence of the disease. The same rate of indemnity which is paid for reactors to tuberculosis and Bang's disease ($50 maximum for pure-bred registered animals and $20 for grade animals) will be the rule in mastitis work.

It is further proposed to conduct the mastitis control work only in cases where the owners of herds have carried on testing for tuberculosis and Bang's disease under state and federal supervision, or where the owner agrees to carry on Bang's disease work as soon as feasible. Contracts with herd owners for mastitis control will be always subject to acceptance by the Chief of the Bureau of Animal Industry and the respective state veterinarians, according to the merits of each case.

As soon as the official regulations for mastitis work are completed, a pamphlet will be issued by the Bureau of Animal Industry containing instructions to be followed by herd owners who sign up for the work and who receive indemnity on removal of cows infected with mastitis. The details of the examination of cows and payment of indemnity will be in charge of the Bureau of Animal Industry, although the funds are provided by Congress to the Adjustment Administration.

Conferences leading to the undertaking of mastitis work were held with state livestock sanitary control officers, groups of unorganized farmers and stockmen, and the executives of the New York Dairymen's League, the National Cooperative Milk Producers' Federation, and the National Association of Local Creameries. Questionnaires were sent to a number of state veterinary authorities regarding the disease and preliminary visits were made to consult with owners of infected herds.

# # #

GENERAL REGULATIONS AFFECTING LICENSES ARE AMENDED

The authority to continue any pending proceeding against an individual licensee after termination of any general license issued under the Agricultural Adjustment Act is reserved to the Secretary of Agriculture in an amendment to General Regulations of the Agricultural Adjustment Administration, which has been signed by Acting Secretary of Agriculaure M. L. Wilson and approved by President Roosevelt.

Another amendment to the General Regulations, which has been signed by Acting Secretary Wilson and approved by the President, relates to the issuance and requirements of licenses and to the exclusion and inclusion of certain persons from licenses.

In addition to preserving the right of the Secretary of Agriculture to continue any pending proceeding against an individual licensee after termination of any general license, the amended regulations re-invest the Secretary with authority to issue a license pursuant to Section 8 (3) of the Agricultural Adjustment Act to a person or a class or classes of persons engaged in handling any agricultural commodity or product thereof, or competing commodity or product thereof, and provide that a class may embrace one or more persons.

The Secretary is given authority to exclude from any class or classes for which a new license is issued any violators of a prior license provided the violator has been found by the Secretary of Agriculture or a court to have violated the prior license. Any person excluded from a class or classes covered by any license issued under the Act may make application in writing to the Secretary for inclusion under a license.

If it appears to the Secretary that the violation of the prior license by such person was not wilful or in bad faith, the Secretary shall issue an order including such applicant under the license, upon a showing satisfactory to the Secretary that the applicant is able and willing in good faith to comply with the terms and conditions of the license.

If it appears that the violation of a prior license was wilful or in bad faith, the Secretary shall issue an order including the applicant as a licensee under the license upon satisfactory showing to the Secretary that (a) the applicant is able and willing in good faith to comply with the terms and conditions of the license and (b) upon the furnishing of a bond in such form and in such penalty as the Secretary may determine and such other conditions as the Secretary may determine.

The inclusion of a person under a license pursuant to this section shall not be construed to exempt any person from fines or penalties or to forgive any obligations incurred by reason of his engaging in business without being licensed as required by the Secretary.

When the Secretary has issued a license, no person, while said license is in effect, shall in that territory covered by and in said license, engage in the handling of any commodity or product thereof as described in such license unless such person has been licensed.

# # #

MILK PRODUCERS' PRICES ADVANCED IN THREE MICHIGAN AREAS

Amended licenses for the milk sales areas of Grand Rapids, Lansing and Muskegon, Mich., which provide higher prices to producers, will become effective November 5.

Net increases in the Class 1 price on 3.5 per cent milk f.o.b. the distributors' plants, amounting to 35 cents per hundredweight at Muskegon and 25 cents increase per hundredweight at Grand Rapids and Lansing are contained in the amended licenses. Slight increases in the Class 3 or manufactured milk prices are also made in the amended licenses.

Facts supporting the requested increases in prices were presented to the Adjustment Administration by officers of the Michigan Milk Producers' Association at conferences held both locally and in Washington, in which distributors participated. Larger increases were proposed for Grand Rapids and Lansing producers by association representatives, but, with the current relative prices for manufactured dairy products in mind, the prices named in the amended license are deemed as high as competitive conditions warrant.

Under the amended license Class 1 milk at Muskegon will cost distributors $2.20 per 100 pounds f.o.b. their plants, whereas the original license price was $1.85. In the amended license for Grand Rapids the Class 1 price is raised from $1.85 to $2.10 per hundredweight, and in the Lansing license from $1.75 to $2.

In all three licenses the price for Class 2 milk remains unchanged.

In Muskegon and Grand Rapids the price for Class 2 milk is scheduled at $3\frac{1}{2}$ times the price of Chicago 92 score butter at wholesale plus a premium of 35 cents per 100 pounds of 3.5 per cent milk. The Lansing license establishes a premium above butter amounting to 30 cents.

The amended Lansing license sets up four classes, the fourth class being reserved for butter only. The Class 4 price will be $3\frac{1}{2}$ times the Chicago 92 score wholesale butter price plus 10 per cent. Class 3 milk at Lansing will be all milk in excess of Classes 1, 2 and 4. It will be priced at the butter quotation plus 20 per cent. The four price plan was instituted here to secure greater equity among distributors and to afford some greater revenue to producers.

In the other two markets Class 3 milk is advanced from a premium of 10 per cent above Chicago butter to 25 per cent. This is supported by the Michigan Milk Producers' Association as a fair competitive price with evaporating plants and because it claims to have outlets for surplus milk at even higher prices.

Incidental to the advanced prices to farmers, the licenses in the three areas have been amended to eliminate the check on new producers which required them to accept Class 3 prices for all their deliveries during a denifite probation period. The opening of the market to new producers, subject to local health regulations, is justified by the advance in price.

Another amended portion of the licenses relatesto producers who distribute only milk of their own production. Formerly they were exempt from the pool and the computation of the blended price up to an amount of milk equal to the average retail route sales daily. The amended license excludes from the pool all milk sold by such producer-distributors within the limitsof their delivered bases set by the market administrators. Milk which they sell over and above their bases will be reported to the pool at the Class 3 price, apportioned according to their actual sales in the several classes. Milk which they sell in bulk to other distributors must be pooled at the Class 3 price and the buyer is obliged to make up to the pool fund the difference between the Class 3 price and the higher prices, if any, at which it is finally sold.

# # #

CLASS I PRICE IN DETROIT MILK LICENSE INCREASED

An amended license for the Detroit milk sales area which increases the price of Class 1 milk f.o.b. distributors' plants from $2.25 to $2.40 per 100 pounds of 3.5 per cent milk, will go into effect November 5. The nine members of the Detroit Milk Industry Board and the Michigan Milk Producers' Association recommended the increased price.

The original license of April, 1934, contained a price of $2.02 per 100 pounds of Class 1 milk, which was advanced upon recommendation of the Milk Industry Board to $2.25 on June 17. The amended license price of $2.40 for Class 1 milk is equal to about 5.16 cents per quart as the cost of milk to distributors on the 3.5 per cent basis.

Incident to the slight advance in price to producers, the restrictions on new producers have been reduced from 90 to 30 days, during which time they must take $3\frac{1}{2}$ times Chicago 92 score butter price as the price received for all their milk. This price is the same price paid to all producers for their excess milk above bases. At the present retail price to consumers, the advance to producers will result in a distributing margin of about 5.6 cents a quart when adjusted to the butterfat content of the milk sold. This is about one-third of a cent per quart less margin than previously prevailed.

The amended license also changes the determination on Class 3 milk from a price realized by the Michigan Producers' Dairy Co. surplus plant at Adrian to the basis of Chicago 92 score wholesale butter price plus 18 percent.

The sales area defined in the original license has been somewhat restricted in territory to make for simpler administration. This was done at the recommendation of the Milk Industry Board.

A few standard amendments are embodied in the new license which are similar to those added to other existing licenses and incorporated in new licenses.

The market administrator is allowed to make an adjustment in the blended price payable to producers, so as to set up a reserve fund with which to fulfill pool obligations when distributors delay in making their regular settlements. The provision is added to the effect that this reserve sum may not exceed 2 percent of the total value of milk reported to the pool in any delivery period by all distributors, while the accumulated reserve fund for this purpose may never at any time amount to more than 10 percent of the value of all milk reported to the pool for an average delivery period.

The usual exemption for producer-distributors is included. Such persons who produce and sell their own milk are exempt from the pool and blended price computation for all milk produced and sold which is within their established bases. Any milk which they sell above their bases is ratably apportioned in turn to Class 3, Class 2 and Class 1 sales. In case producer-distributors buy any milk from other producers, such milk must be purchased according to license prices. Milk sold to other distributors in bulk must be accounted for at the Class 3 price and the buyer must pay to the pool the difference in value between Class 3 price and the price for the class of milk in which such milk is actually sold.

On milk or cream sold outside the sales area for direct consumption, the market administrator may make an adjustment in the prices paid by the distributor for Class 1 and Class 2 milk. This adjustment may equal the difference between the price for Class 1 and Class 2 milk and the price which the market administrator determines to be the proper prevailing price ruling in the area where the product is sold. This will have the effect of equalizing competition between agencies buying milk at the license price and agencies on other markets where different prices prevail.

# # #

TULSA, OKLAHOMA, MILK LICENSE CHANGED

A change in the schedule of producers' prices from the hundredweight of milk basis to the butterfat basis, and the incorporation of a base and surplus market plan are included in an amended license for Tulsa, Oklahoma, which will become effective November 5.

According to the amended license, Class 1 milk f.o.b. distributors' plants in Tulsa will be purchased at 60 cents a pound of butterfat in the milk. Under the former license, the price was $2.40 per 100 pounds of 4 per cent milk, which is just the same rate. However, the price per pound of butterfat prior to any license in the area was only 37½ cents a pound of butterfat.

Corresponding changes are also made in the other classes of milk, with an additional class added, making four in all. Class 2 milk will bring producers 47½ cents a pound of butterfat contained therein.

Class 3 will be the average price of 90 score Chicago centralized carlot butter per pound plus 20 percent plus 5 cents a pound of butterfat.

The Class 3 definition includes milk used for making ice cream or ice cream mix.

Class 4, the new extra class, to be used for all excess milk above the other classes, will be rated at the same Chicago butter price plus $2\frac{1}{2}$ cents a pound of butterfat in milk.

The butterfat method of payment has been used on the Tulsa market for several years prior to the original license, and agencies on the market agree that it is best to return to that basis.

A base and surplus market plan, to correct wide fluctuations in production and supply for the market is sought by producers and other agencies, was recommended by the market administrator, after conferences at Tulsa by a representative of the dairy section of the Adjustment Administration.

The amended license provides for the use of the base and surplus method at Tulsa hereafter, with equitable bases to be established for regular producers, producer-distributors and new producers by the market administrator. Provisions for adjustment of bases from time to time are included. The bases will be set on the pounds of butterfat delivered, kept in line with the actual sales on the market.

Another change relates to distributors who are primarily manufacturers of dairy products rather than local milk distributors. The amended license specifies that such distributors who distribute not in excess of 15 per cent of their purchases from producers as Class 1 milk used in direct consumption be excluded from the market pool entirely. This provision is deemed advisable so as not to include a large volume of milk in the pool which is not destined for fluid purposes.

The delivery period named in the amended license is once a month instead of every two weeks, as before. This is expected to simplify the operation of the pool accounts and reduce bookkeeping expenses.

# # #

FORT WORTH MILK LICENSE CHANGES

Some enlargement of the sales area and a slight decrease in the scheduled Class 3 milk price in the license are included in amendment 2 to the existing milk license for the Fort Worth, Texas, milk sales area. The amended license will become effective November 5.

The new sales area will include all of the corporate limits of Tarrant county, including Fort Worth itself. A small area of the county was left out of the original license territory.

The price for Class 3 milk defined in the amended license is four times the current price per pound of 90 score carlot centralized butter at Chicago, plus 5 cents per 100 pounds of milk. Because of the general

seasonal decline in the consumption of ice cream throughout the territory, distributors feel unable to meet the former differential above Chicago carlot butter price, as defined in the license.

The new price for Class 3 milk will be more in line with the price of competing milk used in manufactured dairy products. Before the present amendment, Class 3 milk was priced at Chicago 90 score butter, plus 20 percent, plus 10 cents per 100 pounds, held to be a reasonable price level during the peak season of ice cream demand.

The amended license makes no change in the Class 1 milk price which remains at $2.60 per 100 pounds of 4 per cent milk, or of Class 2 milk, which is still $1.90 per 100 pounds f.o.b. distributors' plants.

The license has been redrafted in other particulars to clarify its meaning.

# # #

CHICAGO CLASS I MILK PRICE REDUCED

The Adjustment Administration has completed an amendment to the existing Chicago milk license which reduces the price for Class 1 milk from $2.25 per 100 pounds to $2 for 3.5 per cent milk f.o.b. country stations in the 70-mile zone. The amendment became effective November 1.

Present conditions of supply and demand, and the prices paid producers for milk used in manufactured dairy products, indicated the necessity for a temporary reduction in the price to producers. If and when conditions improve, in respect to supply and demand, and if butterfat prices continue to improve, it will be possible to return the price once more to the former level, it is pointed out by officials.

The price was advanced from $2 to $2.25 by amendment to the license in July, under drought conditions.

# # #

WHOLESALE AND STORE MARGINS ON MILK IN 50 MARKETS

A review of the distributors' gross margins per quart above the f.o.b. cost price on that portion of the bottled milk which they sell at wholesale only, on 50 markets of the country as of October 1, 1934, and the margin to stores between wholesale prices and store prices to consumers has been issued by the dairy section of the Adjustment Administration. Quoted prices which consumers pay for milk at stores and the cost of milk to distributors f.o.b. city plants are also included. The cost of milk to distributors is adjusted in each market to the prevailing test of the milk sold.

The markets selected are from the official list as issued in October by the Market News Service of the Bureau of Agricultural Economics. Only those markets having both wholesale prices and store prices contained in the list were used. Consequently, the present review is somewhat different from a former review on retail prices margins only which was released October 4. Nine substitutions were made in place of as many cities named in the former review, and the new ones added are Newport, R. I., Tulsa, Okla., Springfield and Worcester, Mass., San Diego, Calif., Kalamazoo, Mich., Alexandria, La., Knoxville, Tenn., and Greensboro, N. C.

In presenting the data, the cities were divided into two equal groups. One group represents 25 cities where varying differentials exist between the wagon-delivered price and the store price charged consumers per quart. In some cases, the differential does not obtain uniformly at all stores throughout the respective markets. The second group of 25 markets have no prevailing differential in price between sales by wagons and from stores, and consumers pay the same price either delivered or over the counter.

It is pointed out that the review just issued does not involve "cash and carry" distinctions. This is because some stores with or without differentials often delivery milk to homes of customers with other orders, and no account is taken of prices which may be charged currently at roadside stands and milk depots. Only general food store prices in the cities are quoted.

The review includes 19 cities with Federal milk licenses, one city with joint State-Federal control, 18 cities where no official control is exerted over milk supplies, and 12 markets under state milk control board authority. The Adjustment Administration exerts no influence directly over re-sale prices, either wholesale or retail or at stores, but on many of the state-controlled markets such prices are established by executive orders and regulations.

Among the cities where differentials exist between wagon and store prices, 10 markets have Federal licenses, 8 are under State authority and 7 are without any official control. Among the cities where no differentials exist between wagon and store prices, 11 are without any official control, 8 are under Federal licenses, 5 are under State authority, and one city has joint State-Federal control.

The distributors' average gross margin on wholesale sales, on markets having a differential between the wagon price to consumers and the store price, is 3.7 cents a quart, with a range of 2.67 cents a quart.

The distributors' average gross margin on wholesale sales, on markets without a differential between the wagon price to consumers and the store price, is 4.23 cents a quart, with a range of 2.89 to 6.62 cents a quart.

Selling margins for stores on markets having a differential between the wagon price and the store price to consumers, ranged from 1/2

to 2 cents a quart. No average is set forth, but store margins in excess of 1 cent a quart are found on 16 out of 25 markets having some differentials between wagon and store prices.

Selling margins for stores on markets without differential between the wagon price and the store price to consumers, ranged from 1 cent to 3 cents a quart. No average is set forth; however, store margins in excess of 1 cent a quart are found on 23 markets out of the 25 markets without differentials between wagon and store prices.

No recent reliable data on the proportion of milk sold through stores or at wholesale is available at present. The amount of milk sold at wholesale varies with each market in relation to supply and demand and also between different distributors on the same market. Markets with large volume supplied by producer-distributors usually carry a comparatively large wholesale volume sold by pasteurizing distributors, notably in the South.

The following tables show the status of wholesale and store margins on milk in 50 cities included in the review:

Distributors' Margins and Margin to Stores in 25 Markets Having Differential in Price between Wagon and Store as Calculated from Prices Prevailing in Oct., 1934.
(Source: Fluid Milk Report - B.A.E.)
Dealers buying prices are adjusted to fat content of milk sold

Market	Dealers' buying prices for raw milk delivered FOB city	Prevailing butterfat test of milk sold by dealers	Dealers' wholesale selling rice bottled milk	Retail store selling price (lower than delivered price)	Margin to store above wholesale price	Wholesale gross margin to dealers on bottled milk sold
	Cents per quart	Percent	Cents per quart	Cents per quart	Cents per qt.	Cents per qt.
F. San Francisco, Cal.	5.33	4.0	8	10	2.0	2.67
*Washington, D. C.	7.55	4.2	10-11	12-13	2.0	2.90
F. Tulsa, Okla.	4.99	3.8	8	9-10	1 to 2	3.01
F. Indianapolis, Ind.	3.85	3.8	7	8	1.0	3.15
F. Los Angeles, Calif.	5.76	4.0	9	10	1.0	3.24
S. Dallas, Texas	5.72	4.2	9	10	1.0	3.28
Springfield, Mass.	6.19	4.0	9.5	11	1.5	3.31
F. Denver, Colo.	4.64	3.6	8	9	1.0	3.36
F. Des Moines, Iowa	4.56	3.9	8	9-10	1 to 2	3.44
S. New York, N. Y.	7.28	3.7	10.75	12	1.25	3.47
Worcester, Mass.	6.02	3.8	9.5	11	1.5	3.48
New Orleans, La.	4.47	4.0	8	10	2.0	3.53
F. San Diego, Calif.	5.68	4.0	9.25-9.5	11	1.5-1.75	3.70
F. St. Louis, Mo.	5.25	3.8	9	10-11	1 to 2	3.75
S. Seattle, Wash.	4.73	4.0	8.5	10	1.5	3.77
S. Hartford, Conn.	7.66	3.9	11.5	13	1.5	3.84
S. Cleveland, Ohio	5.01	3.5	9	10	1.0	3.99
S. Pittsburgh, Pa.	5.50	3.7	9.5	10	0.5	4.00
F. Evansville, Ind.	3.91	3.8	8	9-10	1 to 2	4.09
F. Ft. Wayne, Ind.	3.91	3.9	8	9-10	1 to 2	4.09
S. Philadelphia, Pa.	5.85	3.8	10	11	1.0	4.15
S. Portland, Ore.	4.73	4.0	9	10	1.0	4.27
Duluth, Minn.	4.32	3.8	9	10-11	1 to 2	4.68
Birminghan, Ala.	6.24	4.5	11	13	2.0	4.76
S. Cincinnati, Ohio	5.05	3.7	10	11	1.0	4.95

Average wholesale margin 3.72

*Washington has only a very small quantity of milk sold at other than the 13-cent retail price per quart.

Distributors' Margins and Margin to Stores in 25 Markets Having No Differential in Price between Wagon and Store as Calculated From Prices Prevailing in October., 1934.
(Source: Fluid Milk Report - B. A. E.)

Dealers buying prices adjusted to fat content of milk sold

Market	Dealers' buying prices for raw milk delivered FOB City	Prevailing butterfat test of milk sold by dealers	Dealers' wholesale selling price bottled milk	Retail store selling price (same as delivered price)	Margin to store above wholesale price	Wholesale gross margin to dealers on bottled milk sold
	Cents per qt.	Percent	Cents per qt.	Cents per qt.	Cents per qt	Cents per qt.
F. Quad Cities, Ill.-Ia.	4.11	3.7	7	9	2.0	2.89
F. Chicago, Ill.	5.59	3.5	8.5	10	1.5	2.91
Memphis, Tenn.	4.84	4.0	8	10	2.0	3.16
Mason City, Iowa	4.56	3.9	8	10	2.0	3.44
S. Milwaukee, Wis.	5.01	3.6	8.5	10	1.5	3.49
F. Omaha, Nebr.	4.49	3.8	8	10	2.0	3.51
F. Baltimore, Md.	6.49	4.0	10	11	1.0	3.51
S-F. Newport, R. I.	7.44	4.0	11	13	2.0	3.56
F. Lincoln, Nebr.	4.41	3.8	8	10	2.0	3.59
F. Kalamazoo, Mich.	4.41	4.0	8	10	2.0	3.59
Butte, Mont.	4.36	3.7	8	10	2.0	3.64
Sioux Falls, S. D.	4.19	4.0	8	10	2.0	3.81
F. Twin Cities, Minn.	4.36	3.6	8.25	10	1.75	3.89
S. Salt Lake City, Utah	4.28	3.9	8.25	10	1.75	3.97
Wheeling, W. Va.	4.64	3.7	9	11	2.0	4.36
Wilmington, Del.	5.59	4.0	10	11	1.0	4.41
S. Albany, N. Y.	5.70	4.0	10-11	12	1 to 2	4.3-5.3
S. Buffalo, N. Y.	5.44	3.7	10	12	2.0	4.56
Alexandria, La.	5.38	4.0	10	12	2.0	4.62
F. Kansas City, Mo.	5.27	3.8	10	12 1/	2.0	4.73
Knoxville, Tenn.	5.27	4.0	10.5	12	1.5	5.23
S. Miami, Fla.	7.55	4.3	13	15	2.0	5.45
Little Rock, Ark.	4.30	4.0	10	12	2.0	5.70
Raleigh, N. C.	5.66	4.2	12	14	2.0	6.34
Greensboro, N. C.	5.38	4.0	12	15	3.0	6.62

Average wholesale margin 4.23

1/ September price.
F - Federal licensed markets.
S - State controlled markets.
SF- State-Federal Control.

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NEW COTTON-TAX EXEMPTIONS IF BANKHEAD ACT CONTINUES

The Adjustment Administration has announced that all surplus cotton tax-exemption certificates outstanding at the end of the cotton ginning season will be recalled and in their stead new certificates of a different color and appearance will be issued for use next year, if the Bankhead cotton control act is made effective for 1935.

The decision to re-issue surplus 1934 cotton tax-exemption certificates in a style different from that used this year was reached after reports of illegal trading in the certificates had been received from the Cotton Belt and in order to avoid confusion.

When the re-issue is made, the new style certificates will be sent to the owners of the original certificates or to those persons who have come into legal possession of the certificates by purchase from the national cotton tax-exemption certificates pool or who have secured certificates through legal transfer within their own county.

This decision does not in any way affect the right of a producer to use his surplus certificates in the event that the Bankhead Act is effective next year, as he will be re-issued new certificates to the exact amount of his unsold surplus. It is merely a precautionary measure designed to make certain that if need arises the rightful owners of surplus 1934 certificates will have the use of this excess in 1935.

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